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TAGS: [PREL](#) [ECON](#) [EAIR](#) [EINV](#) [ETRD](#) [SCUL](#) [KNNP](#) [IN](#) [JA](#)  
SUBJECT: JAPANESE PLEASED WITH VISIT OF INDIAN PRIME  
MINISTER

REF: A. TOKYO 6468

[1](#)B. NEW DELHI 3187

Classified By: Ambassador J. Thomas Schieffer for reasons 1.4(b), (d)

[1](#)1. (C) SUMMARY: Japanese officials are pleased with Indian Prime Minister Singh's December 13-16 Tokyo visit, according to MOFA contacts. During the visit, the "Global Partnership" inaugurated in 2000 was elevated to a "Strategic and Global Partnership" calling for closer political and diplomatic coordination on bilateral, regional, multilateral and global issues, as well as comprehensive economic engagement, stronger defense relations, and greater technological cooperation. In the Joint Statement, PM Abe's desired announcement of a U.S.-Japan-India-Australia quadrilateral was, in the end, cast as "dialogue" between India and Japan "and other like-minded countries in the Asia-Pacific region. On India's request for Japanese support for the U.S.-India civil nuclear agreement, Japan, as predicted, would only commit to continuing to discuss this subject with New Delhi. Japan succeeded in including language on North Korea, and both parties reaffirmed their commitment to push for "comprehensive reform" of the UN Security Council. Despite high hopes for new life in a sluggish economic relationship, one well-placed observer predicts increased trade and investment will be easier wished for than done. And the announced intention to increase the few existing direct flights between the two countries is likely to bump up against commercial realities. END SUMMARY.

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A POSITIVE VISIT  
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[1](#)2. (C) Japanese authorities are very pleased with the outcome of Prime Minister Singh's December 13-16 official visit to Tokyo, MOFA India Desk official Naoshige Aoshima told Embassy Tokyo Political Officer December 18. The general consensus in the Ministry is that Singh's visit was more substantive and significant than Chinese President Hu Jintao's November visit to New Delhi, thus "qualifying it as a success." In addition, the agreement to call the India-Japan relationship a "Strategic and Global Partnership" is proudly seen here as more impressive than the India-China "Strategic and Cooperative Partnership." The highlights of Singh's visit were his call on the Emperor and Empress, meeting with Prime Minister Abe, and the signing of the Joint Statement that sets forth the future of the relationship. Indian Embassy First Secretary Pise Prashant told Embassy Tokyo Political Officer that the Indian Embassy also considered the visit to be a success, although he was not quite as exuberant about

its long-term prospects.

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SPEECH TO THE DIET  
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13. (U) Prime Minister Singh's first major public appearance was before a Joint Session of the Diet on December 14, in which he called for greater cooperation between India and Japan and announced 2007 as "India-Japan Friendship Year." (NOTE: 2007 is also "India-China Friendship Through Tourism Year." END NOTE.) Observing that Japan and India share the universally respected values of freedom, democracy, fundamental rights, and the rule of law, Singh stated that, accordingly, "India and Japan must play their rightful and commensurate role in the emerging international order." Pronouncing that economic ties must be the bedrock of the relationship, Singh pointed to the "knowledge economy" as the most important area in which to build a partnership, and mentioned as possible areas of cooperation nano-technology, bio-technology, life sciences, and the information and communication sectors. Singh then previewed the talks he would have with Prime Minister Abe December 15 by noting other areas of mutual interest, including energy security, defense cooperation, terrorism, and U.N. reform. On nuclear energy, Singh stated that India sees nuclear power as a viable and clean energy resource and asked for Japan's support in "helping put in place innovative and forward looking approaches" that will help India realize this potential. Singh invited Japanese businesses to invest in India, slightly altering the phrase, "an arc of freedom and prosperity" coined by Foreign Minister Aso in a recent foreign policy speech by stating, "Our partnership has the potential to create an 'arc of advantage and prosperity'".

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across Asia, laying the foundation for the creation of an Asian Economic Community." The fact that Singh was able to address the Diet was, in itself, a positive accomplishment. We had been told in advance of the visit by Diet member Yasutoshi Nishimura - a leading India booster - that such a speech would be unlikely, given the Diet's preoccupation with wrapping up its session by December 15.

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THE JOINT STATEMENT  
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14. (U) The Joint Statement ([www.mofa.go.jp/region/asia-paci/india/pdfs/joint0612.pdf](http://www.mofa.go.jp/region/asia-paci/india/pdfs/joint0612.pdf)) released by both governments on December 15 is divided into six sections: (1) Strategic and Global Partnership; (2) Political, Defense and Security Cooperation; (3) Comprehensive Economic Partnership; (4) Science and Technology Initiative; (5) People-to-People Exchanges; and (6) Regional and Multilateral Cooperation. The first, "Strategic and Global Partnership" sets forth the commonalities shared by both countries and calls for closer political and diplomatic coordination on bilateral, regional, multilateral and global issues, as well as comprehensive economic engagement, stronger defense relations, greater technological cooperation, and, hopefully, a "quantum increase" in cultural ties, educational linkages, and people-to-people contacts.

Political, Defense and Security Cooperation  
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15. (C) This section commits both sides to participate in annual summit-level meetings, enhanced contacts at the ministerial level, the institutionalization of the Strategic Dialogue at the foreign minister-level, and the creation of a regular Policy Dialogue between the Indian National Security Advisor Narayanan and his Japanese counterpart. As mentioned reftel B, Aoshima said MOFA officials are in a quandary about who exactly Narayanan's counterpart will be. The

"candidates" are Special Advisor to the Prime Minister for National Security Koike or, perhaps, Chief Cabinet Secretary Shiozaki. The section also addresses enhanced defense cooperation, including a goodwill exercise conducted jointly by the Japanese Maritime Self Defense Force and the Indian navy sometime in 2007. The section continues that Japan and India will work together to ensure the safety and security of international maritime traffic, combat piracy, and foster exchanges between Coast Guards. The section also calls for a new Japanese consulate in Bangalore, which, under current budget constraints, represents a victory for India supporters within the Japanese government. Finally, paragraph 13 declares that both countries unequivocally condemn terrorism.

#### Comprehensive Economic Partnership

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¶16. (C) As mentioned in Singh's speech, the economic relationship is the "bedrock" of India-Japan ties (reftel A). Accordingly, this is the longest section of the statement. The major highlight is confirmation that India and Japan will launch immediate negotiations on a bilateral Economic Partnership Agreement/Comprehensive Economic Partnership Agreement (EPC/CEPA), with a goal of completion within two years. Aoshima revealed that the intention to complete the agreement in two years was the subject of much interagency debate. While MOFA supported including this milestone, the Ministry of Economy, Trade, and Industry (METI), the Ministry of Finance, and the Ministry of Agriculture, Forestry and Fisheries were opposed. He explained that it is not traditional for the Japanese to be so specific in such statements when discussing the future of negotiations, but the Indians insisted and MOFA supported them.

¶17. (U) As expected, the economic partnership section also notes a number of areas for cooperation (reftel C), including the announcement of a Japan-India Special Economic Partnership Initiative (SEPI) to promote Japanese investment in India. The SEPI sets out a number of specific projects grouped under the headings of Development of Infrastructure and Promotion of Manufacturing, Trade and Investment, and Human Resource Development for Promotion of Manufacturing. The Policy Dialogue between METI and India's Ministry of Commerce and Industry is upgraded to the Ministerial level,

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existing and future investments by Japanese companies in the Indian economy are noted, and the establishment of a Business Leaders' Forum comprising ten business leaders from each country is also announced. The model for this organization is the existing U.S.-India CEO Forum.

¶18. (C) Global energy security issues are also addressed and the establishment of a Japan-India Energy Dialogue is endorsed. Addressing non-proliferation, the Joint Statement notes the launch of a consultation mechanism designed to facilitate bilateral high technology trade and address matters relating to respective export control systems of the two countries. According to Aoshima, this paragraph, 28, was also the object of some contention. METI maintains a list of foreign entities subject to export controls that currently lists 33 Indian companies. India wants this number reduced, but METI is adamant that the issue is not a matter for discussion with foreign governments. Aoshima acknowledged that MOFA is inclined to support the Indian point of view on this.

#### Science and Technology Initiative

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¶19. (U) The fourth section refers to ongoing science and technology exchanges and announces the launch of a joint research and development program in areas such as nano-technology, life sciences, and information and communication technologies. It also calls for the development

of an open access database for the sharing of research, and enhanced collaboration in the area of scientific deep sea drilling. Cooperation between the Japan Aerospace Exploration Agency and the Indian Space Research Organization is also noted.

#### People-to-People Exchanges

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¶10. (U) The Joint Statement calls for a "quantum increase in cultural, academic and people-to-people exchanges" and sets forth a number of initiatives to achieve that result. These include expanding the number of visitors between the two countries to 5,000 in the next three years, stepping up exchanges under India's recent designation as a target country for the Japan Exchange and Teaching (JET) program, and the promotion of Japanese language studies in India with a target of 30,000 students by 2010. The two Prime Ministers further agreed to designate 2007 as the "Japan-India Tourism Exchange Year" and welcomed the positive outcome of bilateral civil aviation talks, directing the responsible authorities to expeditiously expand air links "commensurate with the requirements of growing economic relations and enhanced tourist flows."

¶11. (SBU) Realizing an increase in direct flights between India and Japan will most likely be more difficult than hoped. Currently, while Japan and India's bilateral air agreement authorizes 14 flights per week, only 11 direct flights now link the two countries. The goal of the agreement, according to press reports, is to triple the weekly total to 42 flights per week (with each country having rights to 21). Aoshima said increasing flights presents a number of potential problems. First, Air India would like to fly to Narita, but this is "impossible" given the lack of available slots at that airport. Instead, Japan wants to see Air India fly to either Kansai or Nagoya. In addition, if the number of flights is to be increased, All Nippon Airways, which discontinued flights in India in 2001, is likely to want to get back into the market, a fact that Japan Airlines does not appreciate.

¶12. (C) Nonetheless, the increase in flights is an important symbolic gesture. Whether it is flight frequency or number of tourists, the Japanese government casts people-to-people exchanges as a measure of the Japan's relative relationships to China and India, as well as the relationships' long-term prospects. Aoshima has stressed the exchanges to Embassy officers in previous meetings, and MOFA's standard briefing on Japan-India relations includes such direct comparisons as the number of Indian vs. Chinese tourists to Japan (1:19), the number Indian vs. Chinese exchange students in Japan (1:196), the number of Indian vs. Chinese learners of Japanese (1:62), and the number of India-Japan vs. China-Japan air flight connections (1:61). The Joint Statement includes several measures that directly address

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these relative positions.

#### Regional and Multilateral Cooperation

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¶13. (U) Japan and India agree to work closely in the East Asia Summit framework while acknowledging that ASEAN is the driving force in creating a new regional architecture. In addition, they agreed to undertake studies to advance earlier proposals for a Pan Asian Free Trade Area and for a Comprehensive Economic Partnership in East Asia.

¶14. (U) Both countries pointed to the role of the G-4 in bringing Security Council reform to world attention and agreed to strengthen cooperation and coordination for comprehensive reform of the United Nations, including the expansion of the Security Council in both permanent and nonpermanent categories to reflect contemporary realities of

the world.

¶15. (C) With regard to a possible quadrilateral grouping combining the United States, Australia, Japan, and India, the final statement in paragraph 46 reads as follows: "The two leaders share the view on the usefulness of having dialogue among Japan, India and other like-minded countries in the Asia-Pacific region on the themes of mutual interest. The two governments will consult on the modalities." Aoshima was unable to provide any atmospherics on how the Indians reacted to this phrasing. The fact that Prime Minister Abe hoped to announce a quadrilateral partnership was no secret and has been mentioned in the press. Embassy will continue to monitor whether the media notes the distinction between what was promised and what was announced, but thus far (December 20) there has been no media comment.

¶16. (C) As predicted, the Japanese did not give the Indians the clear support they sought for the U.S.-India civil nuclear agreement. According to Aoshima, obtaining this support was a top priority for the Indian delegation (reftel B). The best Prime Minister Abe was willing to give was an acknowledgment (para. 50) that nuclear energy can play an important role as a safe, sustainable and non-polluting source of energy, that international civil nuclear energy cooperation should be enhanced through constructive approaches under appropriate IAEA safeguards, and that India and Japan will continue to discuss the international civil nuclear cooperation framework with respect to India. (Note: One former MOFA official told us that India's request had essentially split MOFA, with an Asia group supporting cooperation with India despite its nuclear program and a non-proliferation group arguing against. The split reduced MOFA to a "wait and see" position, or, as Aoshima more optimistically put it in a previous meeting, MOFA sought a way to add a "positive nuance" to the statement language without changing the government's neutral stance.)

¶17. (C) Of great importance to Japan was the inclusion of language addressing the threat posed by the DPRK. The Indians were initially opposed to including any language that named another country. Eventually language (para. 49) citing a shared "grave concern" over the North's nuclear test was adopted, along with a sentence stressing the need to fully implement UNSCR 1718. The Japanese also prevailed on the Indians to accede to language urging that the abduction issue be resolved at the earliest as a humanitarian concern. One word the Indians did insist upon in this paragraph was "clandestine", in that the nuclear test by the DPRK "has greatly complicated the security situation in the region and highlighted the true extent of clandestine proliferation."

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BUT WILL IT PLAY?  
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¶18. (C) Japan and India undeniably share many basic values and see each other as important political and trading partners for today and into the future. Questions remain, however, about if and when this relationship can really take off. Sakutaro Tanino, former Ambassador to India ('95-'98) and China ('98-'01) and current director at Toshiba, told Political Officer that many people in the government wishfully see India as an economic counterweight to China. This trend is driven by Prime Minister Abe, Foreign Minister Aso, and Shoichi Nakagawa, Chairman of the LDP's Policy Affairs Research Council, who Tanino says share strongly

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critical views of China and who have had personally positive experiences with India. He downplayed the idea of India as a counterweight for China, saying that although Japanese interest in India is soaring and the Indian economy is making impressive gains, many roadblocks remain to full-scale Japanese investment in India. Despite strained political ties with Beijing, China will continue to be Japan's major



trading partner in Asia.

¶19. (C) Tanino said he believes that India has many positive attributes: shared basic values on issues such as democracy, rule of law, freedom of speech, and market economics; warm sentiments toward Japan untainted by negative historical conflicts; a geographically strategic location; a huge market yet to be penetrated; and a huge human resources potential perfect for expanding manufacturing, software, and information technology operations. He noted that Toshiba has sent young technicians to be trained in India and they come back in four months having learned more than they learned during their entire time in college in Japan. But at the same time, there are many impediments to effective trade and investment. He mentioned the poor quality of basic economic infrastructure, including daily power shortages, outdated airports, and poor seaport facilities, along with a bureaucracy that is crushingly difficult to navigate through. Finally, the very different culture in India makes it difficult for Japanese to success fully work there. While the Indians are very hospitable and warm on a personal basis, they have a top-down business culture that is very foreign to Japan's bottom-up way of doing business. The language barrier is also problematic, said Tanino. He also believes India suffers from a strong, almost xenophobic sentiment that opposes foreign investment. He said that the reason Suzuki, a Japanese car manufacturer, has been so successful in India is because it completely turned over every aspect of its operations to Indians and let them run the business themselves.

¶20. (C) Tanino admitted that some of India's infrastructure deficiencies offer potential in themselves for major Japanese investments, but his bottom line was that developing trade with India will take a long time and it is not a substitute for trade with China. (Note: Japan's trade with India is currently one-thirtieth of its trade with China, and the relative investment is one-fiftieth.). As for Japan's fixation with countering Chinese moves in India, Tanino said that this is not reciprocated by China, given the increasingly wide gap between China-India trade and Japan-India trade. He concluded with the reminder that there are many official and state visits of the type just undertaken by PM Singh, and that one visit will not change everything overnight.

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COMMENT  
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21 . (C) We believe there is a genuine desire by the leadership of both India and Japan to greatly enhance their relationship. And we concur with Embassy New Delhi's call to look for concrete measures to build upon the shared values and positive momentum in our relationships with the Indians and Japanese. (Reftel D.) We will continue to monitor developments between Tokyo and New Delhi and remain alert for potential breakthroughs and opportunities.  
SCHIEFFER